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TO RUEHC/SECSTATE WASHDC 9753  
INFO RUCNDT/USMISSION USUN NEW YORK 1402  
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RUEHAK/AMEMBASSY ANKARA 1957  
RUEHBJ/AMEMBASSY BEIJING 1939  
RUEHRL/AMEMBASSY BERLIN 1867  
RUEHBS/USEU BRUSSELS 1184  
RUEAIIA/CIA WASHDC  
RUCNCIS/CIS COLLECTIVE  
RHEFDIA/DIA WASHINGTON DC  
RUEHDBU/AMEMBASSY DUSHANBE 1373  
RUEHIL/AMEMBASSY ISLAMABAD 2039  
RUEHBUL/AMEMBASSY KABUL 2000  
RUEHML/AMEMBASSY MANILA 0147  
RUEHNE/AMEMBASSY NEW DELHI 2015  
RHEHAAA/NSC WASHINGTON DC  
RUEHFR/AMEMBASSY PARIS 1603  
RUEKJCS/SECDEF WASHDC  
RUEHKO/AMEMBASSY TOKYO 1622  
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SUBJECT: AGAINST THE GRAIN - IMPROVING THE INVESTMENT CLIMATE IN  
TAJIKISTAN

¶1. (U) SUMMARY. The newly-formed State Committee on Investments and State Property will seek to attract foreign direct investment to Tajikistan. However, the committee has few tools and resources to fully realize its well intentioned programs. U.S. technical assistance will support the committee in its uphill battle to improve the investment climate. END SUMMARY.

¶2. (SBU) In an introductory meeting with the Ambassador February 28, Committee Chair Sharif Rahimov explained that the new committee hoped to help foreign investors by creating an English-language website and by establishing a "one-stop-shop" for registration and licensing in Tajikistan. Rahimov and his staff understand that the information vacuum prevents foreign companies from investigating investment opportunities in Tajikistan. Rahimov would also like to create a fund to provide micro-credit to small and medium businesses. "Medium-sized businesses most want a stable economy, so we need to work with them more than with small or big businesses," Rahimov remarked, asserting that both small and big businesses evade the law rather than work with it.

¶3. (U) The committee faces severe financial problems in implementing its program. The committee has no email or computer network for document sharing; they lack funds for translating documents into English; and cannot afford to pay for web design. Rahimov requested U.S. technical assistance to train the committee's staff, to help create the website, to review legislation, identify and eliminate barriers for the private sector, and develop registration procedures and investment packages for foreign investors.

¶4. (U) USAID's new Business Environment Improvement Project implemented by Pragma will provide the committee technical assistance in drafting laws, conducting analysis, and liaising with the private sector. Increasing the capacity of this committee would positively improve the investment climate in Tajikistan; however, lack of funding prevents us from providing

the necessary assistance.

15. (SBU) COMMENT: The creation of the new State Committee on Investments, like the new Anti-Corruption Agency, should be seen as a positive indicator that President Rahmonov and his government recognize the importance of these issues. However, in order to have an impact beyond window dressing, the new institutions will need both further Government of Tajikistan resources, as well as foreign assistance. Challenging the status quo and those who benefit from it is a long-term process requiring substantial political will.

JACOBSON